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Spotlight ON FOREIGN MARKETING



728039 TO U.S. AGRICULTURAL ATTACHES AND FAS STAFF MEMBERS

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MARKET DEVELOPMENT PROJECTS ARE SHOWING PROGRESS. During 1956, 38 project agreements using foreign currencies were signed with private trade groups. Activities were started in 15 countries on most important agricultural commodities. Arrangements are now being made to expand activities in additional countries. Other commodities, not included in present projects, will be added.

Types of projects include advertising and public relation activities, exhibitions, demonstrations, and other consumer promotion activities. Also included are market surveys, consumer preference surveys, visits to the United States by foreign trade teams and training of foreign participants in merchandizing and marketing techniques.

Although it is too early in some instances for a substantial evaluation of these projects, several of the private cooperators have spread the word about the value they have received from participating to other groups and many of these have already made plans for sales campaigns overseas. Several cooperators are planning to expand their activities to additional countries.

Some market development projects started in 1956 were:

INCREASED USE OF WHEAT IS BEING PROMOTED IN JAPAN. The project has four main features: lectures and demonstrations from eight specially equipped kitchens in buses which tour cities and provinces; preparation and distribution of educational and publicity material; special classes to train bakers for teaching in their localities; and the training of home extension workers. During the first six weeks of the project over 700 demonstrations were held in eight prefectures before a total audience of 75,000 housewives, students and home demonstration workers. Reports indicate that wheat foods are rapidly gaining public acceptance. The Oregon Wheat Grower's League has expressed an interest in carrying out similar projects in Korea, Thailand, Pakistan and India.

TEN TOBACCO PROJECTS ARE UNDERWAY IN EIGHT COUNTRIES - Japan, Thailand, Spain, Italy, Austria, Finland, France and Korea. Activities include marketing studies, promotional advertising and public relations campaigns, sponsorship of visiting foreign tobacco experts to the U.S., all intended to increase use of U.S. tobaccos in the manufacture of cigarettes in these areas.

One outstanding project is currently running in Japan. Starting with the exhibit at the Osaka International Trade Fair last spring, an aggressive sales campaign has been carried out through various media for four leading Japanese brands of cigarettes using a quantity of U.S. leaf.

COTTON PROJECTS FOR FRANCE, SPAIN AND JAPAN were signed recently with the Cotton Council International, a new organization which will represent the U.S. cotton industry abroad in the work previously handled on the projects by the National Cotton Council. The projects are intended to popularize cotton fabrics for all year round use, to show foreign manufacturers how to best use modern advertising and promotional techniques to increase sales, and to emphasize that cotton fabrics are being widely and successfully used by leading dress designers in the U.S. and other countries.

THE INSTITUTE OF AMERICAN POULTRY INDUSTRIES is conducting regional surveys in Colombia and several European countries in an effort to determine just what can be done to help build dollar export markets. The main market promotion on poultry is taking place now in Germany where U.S. ready-to-cook poultry has been popular. Last year the organization promoted U.S. poultry at the Rome Super-market exhibit, the International Trade Fair held in Barcelona, and the London Food Fair. Exhibits are being planned in the fairs at Verona in March and Cologne in October.

THE MILLERS NATIONAL FEDERATION HAS BEEN ACTIVE for two years in carrying out market development activities in Colombia. In December the Federation participated with a wheat exhibit at the International Industries Fair in Bogota for the second time. During the year they carried out studies of market potentials, market research and analysis, sales promotion campaigns and training activities which have resulted in increased markets for U.S. wheat.

DIFFICULTIES IN EXPORTING U.S. TALLOW TO JAPAN HAVE BEEN LARGELY OVERCOME as the result of a recent marketing survey conducted by the National Renderer's Association. Misunderstandings on the part of U.S. exporters and shippers and Japanese importers and processors had posed a serious threat to a valuable U.S. dollar market for tallow. The survey team was instrumental in getting the Japanese to adopt trading rules for animal tallows and greases approved by the Pacific Coast Renderer's Association. In the U.S., corrections were made in grading, sampling, shipping and handling, all as a direct result of findings in Japan.

The survey on tallow in Japan and Korea, conducted by the National Renderer's Association, points up the importance of conducting commodity surveys in countries where misunderstandings exist in trading practices. Such differences of opinion can usually be settled amicably through carefully planned meetings of U.S. and foreign trade associations. Attaches should be on the alert for opportunities of this nature. *Albert Johnson*

PARTICIPATION IN INTERNATIONAL TRADE FAIRS IN 1957 will again be an important part of market development activities. Thus far, exhibits are planned for Tokyo, Japan (May 5-19); Barcelona, Spain (June 1-20); Verona, Italy (March 10-19); and Cologne, Germany (Sept. 28-Oct. 6). Others are being considered. An integral part of this year's operation will be the construction of a demountable exhibit suitable for repeated use at trade fairs and other events. The exhibit, complete with its own pavilion, will consist of a series of commodity displays covering all of the major U.S. export products. They will be suitable for use as individual commodity exhibits standing on their own or in a collective show. Each of the exhibit units, including the pavilion, will be adapted for crating and shipment to additional exhibit sites. It is expected that the exhibit, used in whole or divided into separate displays, will play a useful role in the Department's developing program for expanding farm markets abroad.

THE ROME SUPERMARKET EXHIBIT, conducted in cooperation with the National Association of Food Chains, has encouraged Italian businessmen to erect two American-style supermarkets in Rome. Both opened for business late last fall.

EXPORT PACKAGING WITH CONSUMER APPEAL IS MORE IMPORTANT THAN EVER. Through constantly watching the consumer preferences of foreign buyers (including secondary usage of containers) and adapting to these preferences wherever practicable, U.S. export markets for many items could be greatly expanded. Other countries in the farm commodity export field have put such practices into effect with good results. It is well known that many foreign buyers are almost as interested in the secondary uses of the containers as they are in the original contents. Thus, there are consumers who will buy products from a given country because the container will make a better lunch bucket, water pail or better material for clothing. Attaches should be constantly alert for possibilities and ideas as to how packaging changes might improve the U.S. position in the market.

POTATO FLAKES, DEVELOPED TO STIMULATE GREATER PER CAPITA CONSUMPTION OF POTATOES, gained quick public acceptance in various U.S. cities, according to ARS. The product is a new form of dehydrated potatoes made in flake form. It is readily mixed with milk or water for quick serving. The high quality of the product and the easy storing and shipping requirements should merit consideration of potato flakes as an export item.

BETTER TOBACCO FOR EXPORT will result from Department's efforts to encourage farmers to grow tobacco better suited to consumer preferences abroad. To do this, support rates have been reduced on three varieties of flue-cured tobacco not well suited to export needs (139, 140 and 224). These varieties are to be supported at only 50% of the rates for other varieties. These and other adjustments between grades are being made to assure continued acceptance of our tobaccos abroad. About one-third of our flue-cured tobacco is exported. Further details were sent attaches in Airgram No. 5573, 1/11/57, and USDA press release 85/57.

BUTTER FOR EXPORT SALE WILL BE OFFERED AS SUPPLIES BECOME AVAILABLE. This action was announced on January 9 because butter again is being sold to CCC under price support operations. The export price is 39 cents per pound. This price also applies to the restricted domestic use of extending cocoa butter.

THE CCC MONTHLY SALES LIST FOR FEBRUARY OFFERS THE FOLLOWING COMMODITIES FOR SALE: Butter, nonfat dry milk, cheddar cheese, wool, cotton (upland and extra long staple), cotton linters, peanuts, corn, wheat, oats, barley, rye, grain sorghums, rice (milled), gum rosin and gum turpentine. Changes in list this month include resumption of butter sales; use of an "ex-rail or barge" basis to set minimum domestic sales prices for rice in cases involving exports; and a limited export offering of gum rosin.

CHANGE IN CCC ROSIN SALES FOR EXPORT covers period January 7 - March 29, 1957. CCC will offer on competitive bid basis up to 50,000 drums of rosin of all grades available. Remainder of CCC rosin stocks and gum turpentine holdings will continue to be available at fixed prices determined each week under same sales procedure in effect since November 1954 for both domestic and export sales.

RICE EXPORTS SOAR AS FOREIGN EXPORTABLE SUPPLIES DWINDLE. Indications are that over 10 million bags of milled rice moved out in the July-November period in 1956 compared with less than 6 million a year earlier. Foreign supplies

available for export are down this fiscal year. Virtually all carryover stocks in exporting countries are committed for export.

BRITIAN REPORTS GAIN IN GOLD AND DOLLAR RESERVES, thereby averting serious threat to the pound sterling as result of the Suez crisis. As a result of a drawing of the U.K. upon the IMF they also have received an IMF standby credit of over \$700 million and an Export-Import Bank standby credit of \$500 million. The latter will help her finance her imports of U.S. goods. Figures for December show a net gain of \$168 million. These credit arrangements have caused the sterling exchange rate to strengthen considerably.

TOTAL GOLD AND DOLLAR ASSETS OF FOREIGN COUNTRIES (excluding USSR) increased during the third quarter of 1956 from \$28,484 billion to \$29,126 billion. Outstanding gains were again made by West Germany (Spotlight, Vol. 1, No. 1), now outranks all other foreign nations in gold and dollar assets. U.K. lost first position following the Suez crisis. Here is a breakdown of some of the principal countries in \$ millions (6/30/56 to 12/31/56).

PUBLIC AND PRIVATE GOLD AND DOLLAR ASSETS
OF SPECIFIED FOREIGN COUNTRIES
(Millions of Dollars)

Country	6/30/56	9/30/56	Increase	Decrease
Germany	2,748	3,112	364	
Canada	2,756	2,906	150	
Switzerland	2,424	2,572	148	
Italy	1,214	1,280	66	
Belgium-Luxembourg	1,233	1,275	42	
Japan	1,179	1,207	28	
Venezuela	737	811	74	
Portugal	602	617	15	
Cuba	566	574	8	
Mexico	526	565	39	
United Kingdom	3,124	3,077		47
France	1,790	1,666		124
Netherlands	1,174	1,139		35
Total 13 Countries	20,073	20,801	934	206

FOREIGN TRENDS AFFECT COTTON EXPORTS. The importance of watching closely and reporting developments affecting cotton is indicated by the following: A variation of two-tenths of a pound in the foreign consumption of cotton will mean a variation of about one million bales in U.S. cotton exports. A four percent variation in foreign cotton yields per acre will mean a variation of about one million bales in U.S. cotton exports. A four percent change in foreign cotton stocks will mean a variation of about one-half million bales in U.S. cotton exports.